

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA

v.

KEELY THOMPSON

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12 CR 236 (EGS)

GOVERNMENT’S MEMORANDUM IN AID OF SENTENCING

The United States of America, by and through its attorney, the United States Attorney for the District of Columbia, hereby submits its Memorandum In Aid of Sentencing. The defendant's total offense level under the United States Sentencing Guidelines ("Guidelines") is 18 and his criminal history category is I, yielding an advisory Guideline range of 27-33 months in prison. Based on the factors discussed herein, and the accompanying Addendum that has been filed under seal for the reasons described therein, the government recommends a term of imprisonment within the Guideline range.

FACTS

A. Background

In the late 1980s and early 1990s, defendant Keely Thompson (“Thompson”) worked as a professional boxer, rising to become the International Boxing Council lightweight champion of the world. After retiring from boxing, Thompson and his wife, Bianca Thompson, formed Keely’s District Boxing and Youth Center, Inc. (“KDBYC”), a District of Columbia corporation that according to one of KDBYC’s publications provided, “life-enhancing youth development and physical fitness programs to at-risk youth in the District of Columbia.” KDBYC was a tax exempt, non-profit corporation pursuant to section 501(c)(3) of the Internal Revenue Code.

KDBYC's operations were funded by grants. These funds were to be used to make disbursements and carry out the boxing program's mission. Thompson was KDBYC's executive director. Bianca Thompson was KDBYC's deputy director. Together, the Thompsons controlled all of KDBYC's affairs. From 2004 to 2008, KDBYC's office and boxing program were located in the basement of the Casa Del Pueblo United Methodist Church located at 1459 Columbia Road, N.W., Washington, D.C. In 2008, KDBYC expanded its operations to an additional facility located at 4500 Quarles Street, N.E., Washington, D.C. In 2009, KDBYC's operations at the church on Columbia Road transferred to Meyer Elementary School, located at 2501 11th Street, N.W., Washington, D.C., where it operated through 2009.

From 2004 to 2009, the District of Columbia Government, through the following offices, agencies and non-profit entities, awarded over \$1.4 million in grant funds to KDBYC:

- a) The District of Columbia Deputy Mayor for Planning and Economic Development ("DMPED");
- b) The Columbia Heights/Shaw Family Support Collaborative (hereinafter referred to as the "Collaborative");
- c) The District of Columbia Children and Youth Investment Trust Corporation (hereinafter referred to as the "CYITC");
- d) The District of Columbia Department of Parks and Recreation ("DPR"); and
- e) The District of Columbia Council ("Council").

From 2004 to 2009, several private entities and foundations directed over \$100,000, in grant funds to KDBYC. The total amount of grant funds awarded KDBYC from 2004 to 2009 was approximately \$1.5 million.

Thompson and his wife jointly opened and maintained a checking account in KDBYC's name at Industrial Bank, located at 4812 Georgia Avenue, N.W., Washington, DC (account number XXX6571). The Thompsons deposited the grant funds, or caused the grant funds to be deposited, into KDBYC's Industrial Bank checking account. To obtain grant funds, the Thompsons submitted grant requests and subsequently executed grant agreements on behalf of KDBYC with various grantors. The grant agreements directed how grant funds could be used, authorizing expenditures including, but not limited to, salaries, equipment, supplies, travel, telephone/internet service, and rent. The grant agreements did not authorize expenditures for personal goods and entertainment such as gambling, meals at restaurants, concert tickets, and clothing.

B. The Scheme to Defraud

From in or about 2004 through in or about 2009, Thompson improperly used \$205,000 in KDBYC funds on the following expenditures that were not authorized by the grant agreements:

- 1) Gambling at Bally's casino in Atlantic City, New Jersey, and on a Norwegian Cruise Lines cruise ship, totaling \$105,000;
- 2) Meals at restaurants, purchases at grocery stores, concerts, speeding tickets and clothing, totaling \$50,000; and
- 3) Additional unauthorized expenditures, totaling \$50,000.

WIRE FRAUD

From in or about 2004, through in or about 2009, within the District of Columbia and elsewhere, Thompson willfully and knowingly devised, and intended to devise, a scheme and artifice to defraud the District of Columbia Government, CYITC, Collaborative, and private grantors by means of materially false and fraudulent pretenses, representations, and promises. On or about the dates set forth below, in a continuing course of conduct, in the District of Columbia and elsewhere, Thompson for the purpose of executing the above-described scheme and artifice to defraud and deprive, transmitted and caused to be transmitted by means of wire communication in interstate commerce, the following writings, signals and sounds:

Date (on or about)	Wire Transmission/Description	From	To
06/09/08	\$75,000 in Government grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
06/12/08	\$18,000 in CYITC grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
07/16/08	\$116,000 in Government grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
08/29/08	\$58,000 in Government grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
09/26/08	\$58,000 in Government grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
10/07/08	\$5,225 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM on board a Norwegian Cruise Line cruise ship	Outside of Washington, DC	Washington, DC

Date (on or about)	Wire Transmission/Description	From	To
10/09/08	\$5,225 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM on board a Norwegian Cruise Line cruise ship	Outside of Washington, DC	Washington, DC
10/15/08	\$12,800 in CYITC grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
10/17/08	\$15,000 in Cafritz grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
10/20/08	\$4,159.99 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC
10/20/08	\$5,159.99 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC
10/21/08	\$9,315 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC
10/21/08	\$3,159 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC
10/21/08	\$6,210 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC
11/13/08	\$15,000 in CYITC grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
11/17/08	\$3,159.99 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC

Date (on or about)	Wire Transmission/Description	From	To
11/19/08	\$6,000 in CYITC grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
12/15/08	\$1,067.99 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC
12/19/08	\$25,000 in CYITC grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
01/02/09	\$1,067.99 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC
01/07/09	\$232,000 in Government grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
01/26/09	\$15,000 in CYITC grant funds deposited into KDBYC's Industrial Bank account in Washington, DC	Washington, DC	Atlanta, Georgia
02/09/09	\$3,159.99 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC
02/09/09	\$5,159.99 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC
02/17/09	\$9,315.00 in KDBYC funds maintained in an Industrial Bank account in Washington, DC withdrawn from an ATM in Bally's casino in Atlantic City, New Jersey	Atlantic City, New Jersey	Washington, DC

STATUTORY FACTORS

A. The Nature and Circumstances of the Offense/Defendant's History and Characteristics

1. Nature and Circumstances of the Offense

The evidence collected in this case indicates that Thompson was a prominent local boxer in the late 1980s and early 1990s. He rose to become a lightweight champion and continued boxing into the late 1990s. After his boxing career, Thompson entered the restaurant service industry by opening a restaurant called "Champs Southern Food," located at 2901 Georgia Avenue, N.W., Washington, D.C. While Thompson's restaurant business did not sustain itself, it was during this time frame that Thompson began thinking about giving back to his community. In 2003, Thompson decided to open a youth boxing program in Northwest, Washington, D.C. to use his background as a boxer and his talent for communicating with at-risk youth to help children stay out of trouble and learn life lessons through boxing.

By all accounts, Thompson's motivation for opening the youth boxing association was based on a heartfelt and positive desire to help children. Unfortunately, in 2006, as larger grant funds began flowing into the organization, Thompson began using grant funds in a manner that was not authorized by the grant agreements. Thompson had a fondness for gambling that went back decades, and he began using KDBYC grant funds at Bally's Casino in Atlantic City, New Jersey to gamble. On July 24, 2006, Thompson used his corporate KDBYC debit card to withdraw \$2,000 in grant funds from an automated teller machine ("ATM") inside Bally's casino. He then used that money to gamble at the casino. KDBYC's bank records at Industrial Bank identify the withdrawal as "POS DDA W/D GCA* BALLY'S PARK PLACE ATLANTIC CITY." In the years that follow, Thompson withdrew KDBYC grant funds from ATMs inside

Bally's casino on 21 more occasions. Each one of those withdrawals appear on KDBYC's bank records in the same form as the first withdrawal in 2006.

Thompson also used his corporate KDBYC debit card to withdraw funds from an ATM machine inside the casino on board a cruise ship. Specifically, in October 2008, Thompson made two cash withdrawals from an ATM on board a Norwegian cruise ship. Those withdrawals appear on KDBYC's bank records as "POS DDA W/D GCA* NORWEGIAN CRUISE LIN MIAMI FL." All told, Thompson used \$105,000 in KDBYC grant funds to gamble at Bally's casino and on board the Norwegian cruise ship.

Thompson also used KDBYC grant funds on other items and services that did not relate to the youth boxing association. On several occasions, Thompson used KDBYC grant funds to pay for meals at restaurants, make purchases at grocery stores, buy concert tickets, pay for speeding tickets, and purchase clothing. All of these transactions appear on KDBYC's bank records. In total, Thompson used \$50,000 in KDBYC grant funds to pay for these non-KDBYC related expenditures.

Finally, Thompson used an additional \$50,000 in KDBYC grant funds on additional unauthorized expenditures that are discussed in the Government's Addendum to this Sentencing Memorandum that is being filed herewith under seal.

2. Defendant's History and Characteristics

The Government's investigation into this case reveals a man who in many ways provided invaluable assistance to at-risk children in the District of Columbia. Thompson mentored many youth boxers, he shared his experience in, and knowledge of, boxing to better the children who attended his program, and he provided a safe and positive environment for the children to learn and grow. Thompson also employed numerous trainers and educators who were able to give back to the children who attended the youth boxing program. KDBYC's employees also benefited from getting paid a salary for their work and commitment to the children in the program.

Unfortunately, Thompson's activities as it related to KDBYC did not entirely focus on the best interests of the youth who attended the program. Fueled by his gambling habit, Thompson used his position as Executive Director to covertly siphon off money that was intended for the benefit of the children. This conduct spanned at least three years and constituted a significant portion of the total amount of grant funds given to KDBYC. The fact that some of this city's most vulnerable citizens -- at-risk youth -- were harmed by Thompson's conduct causes the Government great concern. Similarly, District of Columbia tax payers have been harmed because the District of Columbia funded virtually all of the grants that were given to KDBYC, whether those grants came in the form of earmarks or pass through payments administered by the CYITC or Collaborative. In the end, it is the children and tax payers of this city who suffered as a result of Thompson's willful and intentional conduct.

With that said, Thompson's misconduct seems to be somewhat of an aberration, given that he has reached the age of 48 years old with only one prior conviction for simple assault and some minor traffic infractions. While the Government does not have the expertise to provide a clinical analysis of the defendant, it seems somewhat obvious that Thompson's decades long gambling habit played a role in his misconduct. The Government has learned through the course of this investigation that Thompson gambled four, five, or more days a week at times during his life, losing thousands of dollars in a single evening on more than one occasion. While the money Thompson earned as a professional boxer may have allowed him to maintain such a lifestyle, it seems rather obvious that his current financial profile no longer supports such a habit. As such, the Government respectfully suggests to the Court that Thompson either be assessed to determine whether he has a gambling addiction or ordered to partake in some type of gambling counseling. The Government believes that without addressing his gambling habit, Thompson could fall prey to the same type of financial difficulties that caused him to misuse KDBYC's funds. In short, the Government would much rather see Thompson use his background as a boxer and his love for children to benefit himself and the community rather than see a gambling habit play a substantial, and negative, role in the remainder of his life. Treatment for his gambling habit seems to be an integral part of Thompson's rehabilitation.

B. The Seriousness of the Offense, Promoting Respect for the Law, and Just Punishment

Thompson's crime - - wire fraud relating to the misuse of grant funds - - is a serious offense. The District of Columbia distributes grant funds to numerous charitable organizations throughout the city with the hope, and stated intent, that the funds will be used for the purposes set forth in the grant agreements. If individuals in Thompson's shoes (*i.e.*, the recipients of those grant funds) are permitted to divert charitable resources to personal goods and services, the very basis for the grant system is undercut. Grant recipients have to have a certain respect for the law and the rules that govern their use of grant funds. This city has seen several councilmembers and other persons in positions of authority misuse government funds in recent years. Unfortunately, Thompson represents yet another example in what has become a far too common pattern of individuals who have placed their own needs and desires above the people/children they serve. Thus, a substantial period of incarceration within the Guideline range will provide just punishment for Thompson's conduct.

C. Adequate Deterrence

A substantial period of incarceration within the Guideline range will also send the correct message to other individuals and organizations that receive grant funds from the public. Thompson should serve as a direct example of what happens when non-profit entities subvert the needs and rights of their constituents to the wants and desires of the non-profit's leadership or its employees. Contributions to charitable organizations are made to better the community and city we live in. When those that receive contributions violate the trust that has been placed in them, they undermine the confidence that future contributions will be used a proper way. The result is a reduction in charitable contributions and a far ranging, and difficult to calculate, negative impact on the community.

D. Protect the Public from Further Crimes of the Defendant

As mentioned above, Thompson has shown that he has operated within the confines of the laws and rules of the District of Columbia for most of his 48 years. Barring a simple assault conviction stemming from an altercation with one of the individuals who attended his boxing program (a conviction that is disturbing to the Government, in that, it relates to the boxing program at issue in this case), and some traffic offenses, Thompson has no other criminal convictions. A period of incarceration within the Guideline range will obviously protect the public from further crimes by the defendant while he is incarcerated, but it is also the Government's hope that Thompson will take advantage of any time he spends in jail and on probation to address his gambling habit, which seems to be a substantial factor in his life. If his gambling habit is addressed, the Government has far greater confidence that Thompson will not commit additional crimes in the future.

E. Educational and Correctional Treatment

As discussed above, the Government suggests that Thompson receive treatment for his gambling habit. The Government also believes that Thompson's ability to work with, and assist, children could be advanced by formal training in this area. To the extent such opportunities exist in jail or while on probation, the Government suggests that Thompson make full use of such opportunities. In 2006, Washingtonian Magazine named Thompson as one of the magazine's "People of the Year." Thompson has the education, ability, and talent to reclaim that type of accolade if he put his mind to it. The Government hopes he does.

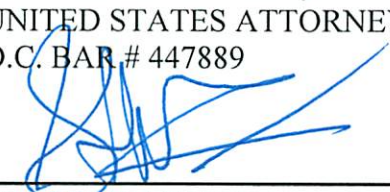
CONCLUSION

For the reasons stated herein, the Government respectfully recommends to the Court that the defendant receive a substantial period of incarceration within the Guideline range, and that the Court order gambling counseling as part of any rehabilitative plan the Court deems appropriate.

Respectfully submitted,

RONALD C. MACHEN, JR.
UNITED STATES ATTORNEY
D.C. BAR # 447889

By:



SETH B. WAXMAN
ASSISTANT UNITED STATES ATTORNEY
New York Bar #: 4324638
555 Fourth Street, N.W., Room 5235
Washington, D.C. 20530
(202) 252-7234